

Political Science 409 / Economics 409
Political Economy from Great Recession to Pandemic

Spring Quarter 2023
University of Washington

Christopher Adolph

Professor, Department of Political Science
Adjunct Professor, Department of Statistics
Core Faculty, Center for Statistics and the Social Sciences

Class Meets

MW 4:30–6:20 pm
Thompson Hall 231

Office Hours

By appointment via Zoom
cadolph@uw.edu

Overview. We consider contemporary comparative political economy and macroeconomics of advanced industrial economies through the lens of the past two decades, bookended by the long recession kicked off by speculative bubbles and financial crisis, and the sharp recession and subsequent inflationary growth that followed in the wake of the COVID-19 pandemic. In the background, massive technological change and widening inequality renewed debate on the appropriate role of government in managing the business cycle and addressing systemic disparities. Emerging from the tumult of the early 21st century, the rich economies of the US and Europe face deep questions about the future of work in an era of automation, globalization in a time of xenophobia, and democracy under the rise of populism. We tackle three key questions through discussion of a mixture of popular and academic readings: What happened during the Great Recession, what political economic changes followed in its wake, and how is the experience and aftermath of the pandemic reshaping these trends?

Prerequisites. No specific courses are required, but some exposure to American politics, comparative politics, and/or macroeconomics is helpful.

Office Hours. Office hours will be held by appointment over Zoom. Please email to arrange a time for your appointment and receive a Zoom link.

Course Websites. Consult <http://faculty.washington.edu/cadolph/409> for discussion questions and course information. A separate Canvas site provides some course readings and allows students to turn in assignments.

Academic Honesty. All graded assignments are each student's responsibility and should reflect each student's own work. You are encouraged to seek help with challenging concepts from your instructor, make use of the Political Science Department's Writing Center, and do your own research using library and internet resources, provided you properly cite all sources used.

There is one critical exception to this rule: Students are prohibited from using chatbots – so called-artificial intelligence tools such as ChatGPT – to assist in completing any course assignments. Students should not use chatbots to do research for class assignments because of the fundamental challenges these tools have in generating accurate statements. Students may not use chatbots to produce, in whole or in part, either rough or final drafts of papers for papers: use of chatbots to assist in writing will be considered cheating. If you are uncertain whether use of a specific resource violates this rule, ask your instructor before using it.

Any student caught cheating or plagiarizing by the instructor on any assignment will receive a grade of **X** for the course and will be reported to the Dean's office in the College of Arts and Sciences.

Academic Accommodations. To request academic accommodations due to disability, please contact Disabled Student Services, 448 Schmitz Hall, (206) 543-8924 (V/TTY). If you have a letter from Disabled Student Services indicating you have a disability that requires an academic accommodation, please present the letter to your instructor, and a suitable accommodation will be provided.

Notice Required by State Law. *Washington state law requires that UW develop a policy for accommodation of student absences or significant hardship due to reasons of faith or conscience, or for organized religious activities. The UW's policy, including more information about how to request an accommodation, is available at Religious Accommodations Policy (<https://registrar.washington.edu/staffandfaculty/religious-accommodations-policy>). Accommodations must be requested within the first two weeks of this course using the Religious Accommodations Request form (<https://registrar.washington.edu/students/religious-accommodations-request>).*

For other university policies. registrar.washington.edu/staffandfaculty/syllabi-guidelines

Course Requirements

Participation (25%) Students are expected to read required readings before class and participate in class discussions. Active participation based on careful reading is given substantial weight in the determination of final grades. On occasion, I may ask students to submit a discussion question by email for the next class, for participation credit. In addition, students submitting reaction papers for a given class meeting are required to meaningfully participate at least once during discussion at that meeting.

Reaction Papers (30%) For three pre-arranged class meetings, students will turn in a 2–3 page “reaction paper” addressing that day’s readings. While this paper should show understanding of the assigned selections, to receive full credit, students must do more than simply summarize arguments from the readings. A good reaction paper can take several forms: you might choose to (1) critique one or more readings closely; (2) highlight questions raised by the readings or puzzles unresolved by them, (3) compare and contrast the arguments and findings of several readings, or (4) place the readings in a broader context, including earlier readings in the course. Reaction papers must be submitted via Canvas by the beginning of class; late papers will not be accepted.

Students may choose to re-write one reaction paper to improve their score. Rewrites should (1) substantially expand the original paper to a minimum of 5 pages, (2) go beyond the in-class discussion on the same topic, (3) incorporate improvements suggested by instructor feedback, and (4) are due by email within 3 weeks of the initial paper due date or by 31 May 2023 (whichever is sooner).

Final Paper (40%) Students will write a longer (approximately 10–12 page) paper drawing on the course readings to answer an assigned question. Papers that clearly develop an argument and support that argument with well-sourced and explained evidence will receive the highest marks. Papers that fail to make a clear argument, that provide only weak, poorly explained, or poorly sourced evidence, or that suffer from serious deficits in writing will be marked down accordingly. **The final paper must be submitted via Canvas by Tuesday, 6 June 2023 at 3 PM.**

Quiz (5%) On the second day of class, students will take a short quiz to assess background knowledge of political economy and to gauge pre-course views on the Great Recession. This will help calibrate our discussions and may provide some interesting comparative data by the end of the course. Every student who takes the quiz seriously will receive full credit.

Course texts

Five books recommended for purchase marked with a *.

Christopher Adolph. 2013. *Bankers, Bureaucrats, and Central Bank Politics: The myth of neutrality.* Cambridge University Press.

Heather Boushey, J. Bradford DeLong, and Marshall Steinbaum. 2017. *After Piketty: The agenda for economics and inequality.* Harvard University Press.

***Mark Blyth. 2013.** *Austerity: The history of a dangerous idea.* Oxford University Press.
Amazon: Paperback \$17.95, Ebook \$10.99

Charles W. Calomiris and Stephen H. Haber. 2014. *Fragile By Design: The Political Origins of Banking Crises and Scarce Credit.* Princeton University Press.

***Colin Crouch. 2020.** *Post-Democracy After the Crises.* Polity.
Amazon: Paperback \$22.95, Ebook \$18.00

***Barry Eichengreen. 2015.** *Hall of Mirrors: The Great Depression, the Great Recession, and the uses – and misuses – of history.* Oxford University Press.
Amazon: Paperback \$19.95, Ebook \$9.95

James K. Galbraith. 2014. *The End of Normal: The Great Crisis and the future of growth.* Simon & Schuster.

Justin Gest. 2016. *The New Minority: White working class politics in an age of immigration and inequality.* Oxford University Press.

Claudia Goldin and Lawrence F. Katz. 2008. *The Race Between Education and Technology.* Harvard University Press.

Lawrence R. Jacobs and Desmond King. 2016. *Fed Power: How Finance Wins.* Oxford University Press.

Nolan McCarty, Keith Poole, and Howard Rosenthal. 2013. *Political Bubbles: Financial crises and the failure of American democracy.* Princeton University Press.

Jan-Werner Müller. 2016. *What is Populism?* University of Pennsylvania Press.

***Thomas Piketty. 2014.** *Capital in the Twenty-First Century.* Harvard University Press.
Amazon: Paperback \$20.99, Ebook \$9.20

John Quiggin. 2010. *Zombie Economics: How dead ideas still walk among us.* Princeton University Press.

Raghuram G. Rajan. 2010. *Fault Lines: How hidden fractures still threaten the world economy.* Princeton University Press.

Carmen M. Reinhart and Kenneth S. Rogoff. 2009. *This Time is Different: Eight centuries of financial folly.* Princeton University Press.

***Adam Tooze. 2021.** *Shutdown: How Covid Shook the World's Economy.* Viking.
Amazon: Hardcover \$18.29, Ebook \$14.99

Martin Wolf. 2014. *The Shifts and the Shocks: What we've learned – and still have to learn – from the financial crisis.* Penguin Press.

Other useful books for further reading

Anat Admati and Martin Hellwig. 2013. *The Bankers' New Clothes: What's wrong with banking and what to do about it.* Princeton University Press.

Colin Crouch. 2004. *Post-Democracy.* Polity.

Peter Frase. 2016. *Four Futures: Life After Capitalism.* Verso.

Karen Ho. 2009. *Liquidated: An ethnography of Wall Street.* Duke University Press.

Torben Iversen and David Soskice. 2019. *Democracy and Prosperity: Reinventing Capitalism through a Turbulent Century.* Princeton University Press.

Simon Johnson and James Kwak. 2010. *13 Bankers.* Vintage.

Paul Krugman. 2013. *End this Depression Now!* Norton.

Atif Mian and Amir Sufi. 2014. *House of Debt: How they (and you) caused the Great Recession, and how we can prevent it from happening again.* University of Chicago Press.

Joseph Stiglitz. 2010. *Freefall: America, free markets, and the sinking of the world economy.* Norton.

Adam Tooze. 2018. *Crashed: How a decade of financial crises changed the world.* Viking.

Course Outline

This is a reading and discussion intensive course. It is vital that all students – not just those writing reaction papers – come to each session having read the required material for that day. To help focus your reading, discussion questions will be posted in advance.

Readings for days covering current or fast-moving topics – specifically, technological change, the pandemic, and the post-pandemic era – are subject to change; students will be notified of changes in advance via the course mailing list.

Part I: Introduction & background

Monday, 27 March 2023 · Course Introduction

Wednesday, 29 March 2023 · Contours of Change

Required: Eichengreen, Introduction.
Galbraith, Prologue.
Quiggin, Ch. 1.

Optional: Eichengreen, Ch. 1, 2, 3.

Part II: What was the Great Financial Crisis, and why did it happen?

Monday, 3 April 2023 · The economics of the financial crisis (1)

Required: Eichengreen, Ch. 4, 5, 11, 12, 13.
Wolf, Ch. 4.

Optional: Eichengreen, Ch. 7, 8, 9, 10.

Wednesday, 5 April 2023 · The economics of the financial crisis (2)

Required: Blyth, Ch. 2.
Rajan, Ch. 1.
Reinhart & Rogoff, Ch. 13, 14, 15, 16, 17.

Optional: Ho, Ch. 1, 2, 5, 6.
Quiggin, Ch. 2.

Monday, 10 April 2023 · The politics of the financial crisis (1)

Required: Eichengreen, Ch. 19, 21, 22.

McCarty, Poole & Rosenthal, Introduction & Ch. 1, 2, 3, 4, 5.

Wednesday, 12 April 2023 · The politics of the financial crisis (2)

Required: Calomiris & Haber, Ch. 1, 2, 7, 8.

Galbraith, Ch. 9.

McCarty, Poole & Rosenthal, Ch. 6, 7.

Part III: Why was the 2010s economic recovery so slow & uneven?

Monday, 17 April 2023 · Stimulus, austerity, and recovery in the US

Required: *Pick at least three of the following authors*

Blyth, Ch. 1.

Eichengreen, Ch. 20, 23.

Galbraith, Ch. 10, 11.

Quiggin, Ch. 6.

Wolf, Ch. 1.

Optional: Eichengreen, Ch. 15, 16, 17, 18.

Wednesday, 19 April 2023 · The euro, austerity, and crisis in Europe (1)

Required: Blyth, Ch. 3, 4, 5, 6.

Galbraith, Ch. 13.

Optional: Adolph, Ch. 2, 3.

Monday, 24 April 2023 · The euro, austerity, and crisis in Europe (2)

Required: Adolph, Ch. 10.

Eichengreen, Ch. 6, 14, 24, 25, 26, Conclusion.

Part IV: Undercurrents of change: technology, capital, and democracy

Wednesday, 26 April 2023 · Automation, Employment, & Inequality (1)

Required: (skim) David Autor, Frank Levy, and Richard Murnane, 2003, “The skill content of recent technological change: An empirical exploration,” *Quarterly Journal of Economics*, 1279–1333.

Michael Boehm, 2014, “Job polarisation and the decline of middle-class workers’ wages”, *VOXEU*, February 8, <https://tinyurl.com/57d82bpf>

Galbraith, Ch. 8.

Goldin & Katz, Ch. 8, 9.

Watch: C.G.P. Grey, “Humans Need Not Apply,” <https://www.youtube.com/watch?v=7Pq-S557XQU>

Monday, 1 May 2023 · Automation, Employment, & Inequality (2)

Required: Daron Acemoglu & Pascual Restrepo, 2019, “Automation and new tasks: How technology displaces and reinstates labor,” *Journal of Economic Perspectives*, 3–30.

Daron Acemoglu & Pascual Restrepo, 2020, “Robots and jobs: Evidence from US labor markets,” *Journal of Political Economy*

Shakked Noy & Whitney Zhang, 2023, “Experimental evidence on the productivity effects of generative artificial intelligence”, MIT Working Paper

Ethan Mollick, 2022, “ChatGPT is a tipping point for AI,” *Harvard Business Review*, 14 December, <https://tinyurl.com/2p9zv8vm>

James Bridle, 2023, “The stupidity of AI,” *The Guardian*, 16 March, <https://tinyurl.com/y3jb3bv>

Optional: Stephen Wolfram, 2023, “What is ChatGPT doing...and why does it work?” 14 February, <https://tinyurl.com/2ajjcmfb>

Wednesday, 3 May 2023 · Capital's Return (1)

Required: Piketty, Introduction & Ch. 1, 2, 5, 6;
also read pp. 116–120 from Ch. 3 and pp. 146–155 from Ch. 4.

Monday, 8 May 2023 · Capital's Return (2)

Required: Piketty, Ch. 7, 8, 9.

Optional: Daveshe Raval, “What’s Wrong with *Capital in the Twenty-First Century’s* Model” in Boushey, DeLong & Steinbaum

Wednesday, 10 May 2023 · Capital's Return (3)

Required: Piketty, Ch. 10, 11, 12.

Optional: Elisabeth Jacobs, “Everywhere and Nowhere: Politics in *Capital in the Twenty-First Century*,” in Boushey, DeLong & Steinbaum

Monday, 15 May 2023 · Democratic Responsiveness and Economic Change (1)

Required: Henry Farrell, 2013, “There is no alternative,” *aeon*, 25 April,
<http://aeon.co/magazine/society/henry-farrell-post-democracy>
Crouch, pp. ix–xiv, 1–40, 56–63, 78–90, 118–166.

Wednesday, 17 May 2023 · Democratic Responsiveness and Economic Change (2)

Required: Martin Gilens & Benjamin I. Page (2014), “Testing Theories of American Politics: Elites, interest groups, and average citizens”,
Perspectives on Politics 12(3): 564–581.

McCarty, Poole & Rosenthal, Ch. 8.

Calomiris & Haber, pp. 500–506.

Jacobs & King, Ch. 1.

Monday, 22 May 2023 · Economic Change and Populism

Required: Müller, p. 1–60, 75–103.

Gest, Ch. 3, 9.

Heather Long (2019), “From \$22 an hour to \$11: GM job cuts in Ohio show a hot economy is still leaving parts of America behind,” *Washington Post*, March 5, <http://tinyurl.com/y4l8gzht>

Sabrina Tavernise (2019), “With his job gone, an autoworker wonders, ‘What am I as a man?’”, *New York Times*, May 27, <https://tinyurl.com/yyzztel4>

Optional: Crouch, Ch. 5.

Part V: The pandemic recession and beyond

Wednesday, 24 May 2023 · The COVID-19 pandemic: immediate effects

Required: Tooez, read as much as possible of: p. 1–24, 79–192, 215–230, 269–305

Thomas J. Bollyky, Emma Castro, et al, 2023, “Assessing COVID-19 pandemic policies and behaviours and their economic and educational trade-offs across US States from Jan 1, 2020, to July 31, 2022: An observational analysis,” *The Lancet*

Optional: Raj Chetty et al (2020) “The economic impacts of COVID-19: Evidence from a new public database built using private sector data” NBER Working Paper 27431

Sergio Correia, Stephan Luck, and Emil Verner. 2020. “Pandemics Depress the Economy, Public Health Interventions Do Not: Evidence from the 1918 Flu.”

NO CLASS MONDAY, 29 MAY: MEMORIAL DAY

Wednesday, 31 May 2023 · The post COVID-19 world: Inflation, bank failures, and “polycrisis”

Required: Finish selections from Tooze

Martín Almuzara, Marek Jarocinski & Argia Sbordone, 2023,
“The layers of inflation persistence,” *Liberty Street Economics*,
5 January, <https://tinyurl.com/4k4cypja>

David Dayen, 2023, “Regulators prevented a crypto-fueled
economic downturn,” *American Prospect*, 10 January,
<https://tinyurl.com/2p9dhctc>

Thomas Homer-Dixon & Johan Rockström, 2022, “What happens
when a cascade of crises collide?” *New York Times*, 13 November,
<https://tinyurl.com/44chd8c8>

Christopher Adolph, 2018, “The Missing Politics of Central
Banks,” *PS: Political Science & Politics*